

122 FERC ¶ 61,304  
FEDERAL ENERGY REGULATORY COMMISSION  
WASHINGTON, D.C. 20426

March 31, 2008

In Reply Refer To:  
Colorado Interstate Gas Company  
Docket No. RP08-201-000

Colorado Interstate Gas Company  
Post Office Box 1087  
Colorado Springs, CO 80944

Attention: Rex D. Adams  
Director, Rates

Reference: Tariff Waiver Request

Dear Mr. Adams:

1. On February 19, 2008, Colorado Interstate Gas Company (CIG) filed a request to waive the General Terms and Conditions (GT&C) of its tariff to make an out-of-time adjustment to its transportation fuel gas reimbursement percentage (fuel gas percentage) as reflected in a revised tariff sheet.<sup>1</sup> In addition, CIG requests permission to make a cash payment to its customers for transportation fuel gas quantities over-collected from July 1, 2007 through December 31, 2007. The Commission will grant the requests for waiver as discussed below.

2. Article 42 of the GT&C of CIG's tariff requires CIG to calculate its fuel gas percentage on an annual basis and file it with the Commission by September 1 of each year with an effective date of October 1. Each of these filings is based on historical data for a twelve month period beginning on July 1 of the prior year (e.g., July 1, 2006 through June 30, 2007 for the filing due by September 1, 2007). Under CIG's tariff, the fuel gas percentage is comprised of (1) a forward-looking current period reimbursement percentage and (2) a fuel true-up percentage attributable to the over/under recovery of fuel for prior periods. CIG states that to the extent that actual transportation fuel volumes are more or less than the reimbursement percentage in effect at that time, CIG credits or

---

<sup>1</sup> Forty-Ninth Revised Sheet No. 11A of its FERC Gas Tariff, First Revised Volume No. 1.

debits the fuel reimbursement percentage in the next period. Additionally, under CIG's tariff, the fuel gas percentage cannot be less than zero percent.

3. CIG filed the most recent annual adjustment to its fuel gas percentage on August 31, 2007 in Docket No. RP07-668-000 based on a data collection period from July 1, 2006 through June 30, 2007. CIG's August 31, 2007 filing reflected a reduction in the fuel gas percentage resulting from a decrease in compressor fuel used relative to a greater proportionate increase in throughput from July 1, 2006 through June 30, 2007. The Commission accepted CIG's annual adjustment to its fuel gas percentage effective October 1, 2007.<sup>2</sup>

4. CIG states that, based on current flow patterns and throughput levels, it continues to see a reduction in its actual fuel gas percentage as its system has become more efficient. In addition, CIG states that despite the lower fuel gas percentage that became effective on October 1, 2007, CIG continues to over-collect transportation fuel gas quantities. According to CIG, for the period from July 1, 2007 through December 31, 2007, it over-recovered 549,332 Dth of transportation fuel gas valued at approximately \$2.5 million. CIG states that the fuel efficiencies are the reflection of continued increases in system throughput coupled with fairly constant burn quantities. CIG also states that it wishes to give shippers the immediate benefit of such efficiencies and reduce the amount of fuel gas owed to shippers due to over-collections. To that end, CIG requests a limited waiver of its tariff to file an out-of-time adjustment to reduce the current period reimbursement percentage component (i.e., the forward-looking component) of its fuel gas percentage. In addition, CIG seeks to make a cash payment to its shippers for the value of the over-collected fuel gas rather than defer those quantities until its next annual fuel gas percentage true-up filing, which under CIG's tariff must be made by September 1, 2008 for an effective date of October 1, 2008.

5. Regarding the out-of-time adjustment to the fuel gas percentage, CIG proposes to reduce the current period reimbursement percentage from 1.55 percent to 1.46 percent such that, with the existing negative 0.21 percent fuel true-up percentage,<sup>3</sup> the net fuel gas percentage will be 1.25 percent effective April 1, 2008. CIG states that the lower current period reimbursement percentage will allow for a collection of transportation fuel for the April through September 2008 period that, based on recent data, will more closely approximate actual retention. CIG states that the Commission has previously approved out-of-time fuel filings allowing pipelines to adjust their fuel retention percentages.<sup>4</sup>

---

<sup>2</sup> *Colorado Interstate Gas Co.*, 120 FERC ¶ 61,286 (2007).

<sup>3</sup> CIG does not propose to change its existing 0.21 percent fuel true-up adjustment percentage, which applies to over/under recovery of fuel for prior periods.

<sup>4</sup> CIG Filing at 3 (citing *MIGC, Inc.*, 113 FERC ¶ 61,228; *Northern Natural Gas Co.*, 111 FERC ¶ 61,300 (2005); *Northwest Pipeline Corp.*, 97 FERC ¶ 61,196 (2001)).

CIG notes that if approved its proposal will result in an adjusted fuel gas percentage that is lower for shippers and reflects the actual system throughput and transportation fuel used between January 1, 2007 and December 31, 2007. According to CIG, data from January 1, 2007 and December 31, 2007 is a better predictor of the fuel burn that CIG expects to experience in the coming months than the data underlying the existing fuel gas percentage.

6. With regard to the proposed cash payment, CIG states that over-collected quantities of 549,332 Dth for the period from July 1, 2007 to December 31, 2007 will be valued at the cash-out index price<sup>5</sup> as posted on CIG's EBB for the month the over-recovery of fuel occurred. CIG states that the value of the over-collected transportation fuel gas quantities is \$2,482,253 or an average unit rate of approximately \$4.50. CIG also states that the \$2.482 million will be apportioned to each shipper on a prorated basis based on the total amounts of fuel retained from each shipper for the July through December 2007 period and will be paid to customers via invoice credit within 31 days of a Commission order authorizing the proposal.

7. In support of its proposal, CIG states that prices in the Rocky Mountain region have recently increased and are expected to remain at high levels for the near future. CIG argues that given these unique price conditions, it would be unjust and unreasonable if CIG were required to return these quantities in kind to shippers in the future. CIG also argues that its cash-out payment should be valued at existing monthly prices at the time the over-collections occurred because, at that time, CIG had to dispose of excess quantities left on its system at the existing market price. CIG concludes that the cash payment proposal returns shippers to the position they would have been in had there been no over-recovery.

8. Notice of CIG's filing was issued on February 21, 2008. Interventions and protests were due as provided in section 154.210 of the Commission's regulations, 18 C.F.R. § 154.210. Pursuant to Rule 214, 18 C.F.R. § 385.214 (2007), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt this proceeding or place additional burdens on existing parties. Williams Gas Marketing, Inc. (Williams) filed comments. No protests were filed.

9. Williams states that it does not oppose CIG's proposed reduced fuel gas percentage, but it is concerned that the cash payment proposal would set a precedent for

---

<sup>5</sup> The cash-out index price is defined under section 1.11 of the GT&C's of CIG's tariff as the average of daily midpoint index prices for Oklahoma-NGPL (Mid-Continent) and the Rockies-CIG (N. Syst.) (i.e., the total of Oklahoma midpoint plus Rockies midpoint divided by two) as published in Platt's Gas Daily Price Guide for each day of the production month.

CIG to exercise an unfair regulatory option to arbitrage its over-collections. Williams states that it would be unfair if CIG could choose to cash out over-collected volumes at prices lower than future projected gas prices when CIG projects gas prices to be higher in the future. Williams states that if the Commission approves the proposed cash payment, it should clarify that such approval will not serve as precedent for CIG to either abide by the existing volumetric true-up requirements of its tariff or cash out its volumetric true-up obligations when CIG chooses to do so.

10. For good cause shown, we grant CIG's request for a limited waiver of Article 42 of the GT&Cs of its tariff.<sup>6</sup> As a preliminary matter, we note that Williams requests that the Commission's approval in this proceeding not serve as precedent for similar cash out payments CIG may propose in the future. Any request CIG may propose in the future will be addressed on a case-by-case basis. Accordingly, the action taken here is *sui generis*, and any future requests will be addressed on their own merits.

11. Turning to the merits of CIG's proposal here, while we do not agree with CIG that it would be unjust and unreasonable for CIG to return over-collected quantities in kind to shippers under the procedures in its GT&C, we find good cause exists, under the circumstances, to grant the relief CIG requests, to which its customers raise no objection. CIG states that despite the lower fuel gas percentage that became effective on October 1, 2007, CIG continues to over-collect transportation fuel gas quantities. For the period from July 1, 2007 through December 31, 2007, CIG over-collected 549,332 Dth of transportation fuel gas valued at approximately \$2.5 million. CIG proposes to reduce the current period reimbursement percentage so that on a going-forward basis (i.e., for the April through September 2008 period) it will collect transportation fuel at a rate which CIG states will more closely approximate actual retention based on recent data. Accordingly, we find it reasonable for CIG to seek to make an interim correction to its gas fuel percentage on a going-forward basis where no party objects to waiving the tariff to adjust the fuel gas percentage as proposed. Therefore, CIG's request for waiver of its tariff to make an out-of-time adjustment to its fuel gas percentage is granted, effective April 1, 2008.

12. With regard to its proposed cash payment, CIG states that it over-collected 549,332 Dth of transportation fuel gas from July 1, 2007 to December 31, 2007 and that the value of the over-collection is \$2,482,253. CIG also states that, if its proposal is approved, it will return the \$2.482 million to its customers via invoice credit within 31 days of a Commission order authorizing its proposal. We find that while CIG's tariff provides for over-collections of fuel to be returned to shippers through an annual

---

<sup>6</sup> Here there are no undesirable consequences, and the resultant benefits to customers are evident by their agreement. Such factors support a good cause finding that justifies a one-time waiver. *See California Independent System Operator Corp.*, 118 FERC ¶ 61,226, at P 24 (2007).

adjustment to the fuel true-up percentage applicable to prior periods, CIG has demonstrated that it has over-collected a significant amount of transportation fuel gas and that CIG's proposal to return such over-collections will provide significant cash benefits to its customers. Further, no party opposed CIG's proposal to return the \$2.482 million to its customers nor did any party dispute how CIG calculated the amount it proposes to refund. Accordingly, we find good cause to grant CIG's request to waive its tariff in order that it may return the value of the transportation fuel gas it over-collected from July 1, 2007 through December 31, 2007.

By direction of the Commission.

Kimberly D. Bose,  
Secretary.

cc: All Parties